**CITY COUNCIL MEETING MINUTES**
**CITY OF SANTA MARIA, CALIFORNIA**
**MAY 21, 2019 - CITY HALL COUNCIL CHAMBERS**

**INVOCATION**
Pastor Martin Mendoza gave the Invocation.

**PLEDGE OF ALLEGIANCE**
Councilmember Moats led the Pledge of Allegiance.

**CALL TO ORDER**
Mayor Patino called the meeting to order at 5:30 p.m.

**ROLL CALL:**
**MEMBERS PRESENT:**
Mayor Alice Patino, Councilmember Michael Moats, Councilmember Mike Cordero, Councilmember Gloria Soto, and Councilmember Etta Waterfield

**STAFF MEMBERS PRESENT:**
City Manager Jason Stilwell, Interim City Attorney Philip Sinco, Fire Chief Leonard Champion, Police Commander Daniel Cohen, Interim Director of Human Resources and Records Carl Crown, Director of Finance Mary Harvey, Planning Division Manager Ryan Hostetter, Director of Public Works/City Engineer Kevin McCune, Director of Recreation & Parks Alex Posada, Director of Utilities Shad Springer, Assistant City Manager Patrick Wiemiller, Principal Planner Neda Zayer, and Chief Deputy City Clerk Rhonda White

**1 PROCLAMATIONS/PRESENTATIONS**

A. Councilmember Moats presented a Proclamation recognizing the week of May 19-25, 2019, as "Public Works Week" in the City of Santa Maria, and encouraging all residents and businesses to acquaint themselves with the issues involved in providing the City's public works, and to recognize the contributions which public works officials make every day to the community's health, safety, comfort, and quality of life. Principal Civil Engineer, Rodger Olds, accepted the Proclamation.

B. City Manager Stilwell presented the City's "Going the Extra Mile (GEM)" Award to City Attorney, Philip F. Sinco, for his work researching and administering five community forums, and preparing ordinances to address the complex H-2A employee housing issue.

**2 PUBLIC COMMENT PERIOD**
Chief Deputy City Clerk White announced that a written communication was received from Assemblyman Jordon Cunningham conveying the importance of fluoridated water, and his concern that the City has opted out of adding fluoride to its water. He requested the City immediately resume the water fluoridation program.

Daniel Swanson, representing Rancho Buena Vista Mobile Homes, spoke about rent stabilization for senior mobile home owners, and asked that the topic be added to a future agenda.

Dr. Hendrick Gonzalez, a local dentist, spoke about the benefits of fluoridation and requested that the City resume fluoridation in its water.

Glenn Prezkop spoke about scholarships and a donation the Kiwanis Club will be giving out in the next week. He noted they had also sponsored an ADA compliant playground recently in the City. He went on to recall the history of fluoridation in the City, and encouraged the Council to reinstate fluoridation in the City's water supply.
Howard Pollick, representing California Department of Public Health, Office of Oral Health, also spoke in favor of fluoridation. In response to a question from Councilmember Waterfield, Mr. Pollick stated that water softeners and typical filters, such as a Britta filter, will not remove fluoride from water, but the process of reverse osmosis does. Councilmember Moats asked if there were any arguments against fluoridation. Mr. Pollick stated with higher levels of fluoride (2ppm or more), there might be health hazards.

MaryEllen Rehse, representing the Santa Barbara County Education Office, spoke about fluoridation and the positive impact she has seen on pre-school children in the City when the water was fluoridated. She also distributed a graph illustrating the impact of fluoride locally.

Ana Bueno, representing Promotoras - Vision & Compromiso, also spoke in favor of fluoridation.

Meredith Nasholds, representing Santa Barbara County Public Health Department, spoke in favor of reinstating fluoridation of the City's water supply.

Joyce Lippman spoke in support of fluoridation in local water saying it benefited not only youth, but also seniors.

Joseph Mercardante, a local dentist, spoke about his program, "Brush, Brush, Brush," and encouraged the City Council to consider adding fluoride to the City's water again.

Elizabeth Schneider spoke in favor of an enforceable rent stabilization ordinance.

Gloria Ortiz spoke about a scam fraud regarding her social security, and asked for help getting resolution to her situation. Mayor Patino referred her to the District Attorney's Office and the City of Guadalupe. She also let her know that a staff member would reach out with more information about resources that might be of help.

**3 CONSENT CALENDAR**

Chief Deputy City Clerk White indicated that as part of Item 3C, Labor Agreements, staff was informed that the Santa Maria Fire Fighter's Local 2020 requested the City Council delay taking action approving the tentative agreement on amendments to and the extension of the memorandum of understanding with Local 2020. She recommended that the City Council pull Item 3C for a separate vote amended to exclude the Santa Maria Fire Fighter's Local 2020 agreement.

Consent Calendar Items 3A-3K (except 3C) were approved as presented, including the adoption of Resolution Nos. 2019-51, 2019-52, 2019-53, 2019-54, 2019-55, 2019-56, and Ordinance No. 2019-02. The recorded vote appears with each item below.

Consent Calendar Item 3C (Labor Agreements) was approved as amended to exclude the Santa Maria Fire Fighter's Local 2020 Agreement from consideration, including the adoption of Resolution No. 2019-50. The recorded vote appears below.

A. Waive the reading in full of all Ordinances and Resolutions. Ordinances on the Consent Agenda will be adopted by the same vote cast at the first meeting, unless City Council indicates otherwise.

***Action:*** Readings were waived.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. 5-0.***

B. Approve the Minutes of the regular City Council meeting of May 7, 2019.

***Action:*** Minutes were approved as submitted.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. 5-0.***

C. Adopt a Resolution approving a tentative agreement on amendments to, and extensions of, the current Memorandums of Understanding with the Service Employees International Union Local 620 (SEIU), and the Santa Maria Police Association of Middle Management (SMPAMM) and approving the updated City of Santa Maria salary schematic.

***Action:*** Excluding the Santa Maria Fire Fighter's Local 2020, employee wage and benefit packages and salary schematic were approved.
***Moved by Councilmember Waterfield, seconded by Councilmember Cordero.***
***Motion carried as amended. Adopted as Resolution No. 2019-50. 5-0.***

D. Conduct the second reading, and adopt Ordinance No. 2019-02, amending the Santa Maria Municipal Code concerning third-party administrative citations; adding enforcement and public nuisance provisions for illegal firework manufacture, possession, storage and use; and adding a fireworks social host responsibility provision.

***Action:*** Conducted the second reading, and adopted Ordinance No. 2019-02.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Ordinance No. 2019-02. 5-0.***

E. Payment of Warrants. Ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Finance.

***Action:*** Ratified.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. 5-0.***

F. Payment of Payroll. Ordered ratified subject to having been certified by the proper Department Directors, as shown on records on file in the Department of Finance, and having been approved for payment by the Director of Finance.

***Action:*** Ratified.

***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. 5-0.***

G. Adopt a Resolution accepting the donation of $46,600 from the Santa Maria Police Council for the purchase of public safety surveillance cameras.

***Action:*** Donation accepted.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution No. 2019-51. 5-0.***

H. Adopt Resolutions of annexation and assessment for the Blosser Coin Laundry, Kassim Retail Pad, and Smile Santa Maria Dental projects that are within the respective Northwest and Southwest Landscape Maintenance Districts.

***Action:*** Properties were approved to be annexed and assessed.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution Nos. 2019-52 and 2019-53. 5-0.***

I. Adopt a Resolution authorizing a rate increase for the sale of supplemental water to non-residential customers served by Golden State Water Company.

***Action:*** Rate increase for supplemental water was approved.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution No. 2019-54. 5-0.***

J. Adopt a Resolution authorizing and directing the Director of Utilities to sign a Memorandum of Agreement between the United States Army Corps of Engineers and the California State Historic Preservation Officer regarding the Los Flores Integrated Waste Management Facility.

***Action:*** Memorandum of Agreement with U.S. Army Corp of Engineers and California State Historic Preservation Officer were approved.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution No. 2019-55. 5-0.***

K. Adopt a Resolution authorizing the Director of Utilities to enter into an Agreement with Routeware, Inc. for a Master Sales and License Agreement to provide solid waste collection management software, and any extensions and modifications consistent with the terms of the Agreement.

***Action:*** Master Sales and License Agreement was approved with Routeware, Inc.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution No. 2019-56. 5-0.***

## 4 PRESENTATION

A. The City Council received a presentation by the Santa Maria Valley Chamber of Commerce regarding the Hourglass regional economic development effort. City Manager Stilwell explained that Diablo Canyon is scheduled to close and there would be consequences to the economy from that closure. Local businesses are questioning what the next steps are to keep a vibrant economy running. The Hourglass Project, as it had become known, has brought a group of businesses and community leaders together to explore possibilities to avoid stagnation in the Central Coast's economy.

Melissa James, CEO of the Hourglass Project, spoke about participants in the program, and their goal of creating more high-paying jobs to meet the needs of current and future residents throughout the Central Coast. Over the next three to six months, the group would be working with a consultant from Deloitte to form a strategic plan and action plan.

Andrew Hackleman, VP of Strategy, spoke about how the project would be successful as communities come together in a collaborative partnership with dedicated governance, using innovative financing and procurement. What this would mean to Santa Maria is the City would be able to meet economic development goals; all would partner to promote the region attracting talent, investment, and new business; and the City would be able to partner with surrounding cities to advocate for issues with military, state, federal governments related to economic competitiveness.

Councilmember Waterfield asked which companies had expanded from San Luis Obispo to Santa Maria.

Glenn Morris, CEO of the Santa Maria Valley Chamber of Commerce responded that one of the large sporting goods stores had expanded to Santa Maria. A dental supply company has also gone into escrow with a property in Santa Maria, and should be moving in soon.

Public input
Andy Caldwell, representing COLAB, spoke in support of the Hourglass Project saying COLAB fights to maintain industrial and manufacturing jobs. Although they support high tech jobs, he expressed concern about how those with language challenges or less technical backgrounds would fare. He encouraged maintaining blue collar jobs while growing the area, and warned that the organizations participating in the Hourglass effort would need to be willing to take on the policies and procedures already in place in California.

## 5 PUBLIC HEARING

A. **SERRAMONTE GENERAL PLAN ZONE CHANGE: SOUTHWEST CORNER OF BLOSSER ROAD & CARMEN LANE.** The City Council considered a recommendation of the Planning Commission to approve a General Plan Land Use Map Amendment and Zone Change (GPZ2018-0003) to allow for the construction of an 85-unit townhome community on a 6.5-acre portion of a 7.7-acre site in a Planned Development/Convenience Center PD/CC and Planned Development/Light Manufacturing PD/M-1 property which is proposed to be changed to a PD/R-3 (Planned Development High Density Residential) and PD/CM (Planned Development Commercial Manufacturing) district for the proposed townhome project. At their March 20, 2019, meeting, the Planning Commission voted 5-0 to recommend that the City Council approve the project.

Senior Planner Zayer gave a presentation as detailed in the agenda report. The project site consists of four separate parcels. The area surrounding the site is residential to the west, apartment complexes to the north, and to the east are CHC offices and vacant land as part of the Betteravia Plaza project for future development. Half of the site is neighborhood/commercial zoning and planned development/community commercial. The southern portion of the site is zoned planned development/light manufacturing. The applicant would like to rezone a 6.5 acre portion of the site to planned development/high density residential, and leave the portion currently occupied by Quintron as is.

The developer is proposing 85-unit, 2-story townhomes with access off Carmen Lane, not Blosser Road. A significant amount of tree-scaping would be done on Blosser and Carmen Lane. Some concern was expressed by single-family residents whose homes back up to the multi-purpose trail. A screen would be added (large trees and shrubbery) along the trail for better privacy. The townhomes would be packaged in 4-plexes with a common landscaped front yard and 2-car garages in the rear of the buildings. The area would have barbecues, trellises, and other attractive landscaping features. There would also be a community building. Guest parking spaces would also be available throughout the area to accommodate visitors. Ample parking (beyond what is required for the project) had been provided for. There would be a Homeowners Association to cover costs of landscaping and trees that make up the privacy wall between existing residences and the new 2-story buildings. Twenty percent landscaping was required with the project, and the proposed open space/landscaping had exceeded that.

Applicant comments
Laurie Tamura of Urban Planning Concepts, representing applicant Barbara Bethel, indicated that the applicant had met with adjacent landowners twice regarding concerns about the proximity and privacy for current residents, and a green screen would be a good solution for privacy along with the bike trail. In addition to the 2-car garage, there were 67 additional spaces for guests.

Councilmember Moats suggested using opaque windows to block the visibility into current residents' backyards.

Mayor Patino and Councilmember Cordero reported that they had ex parte communications with Ms. Tamura regarding this project.

Written communications
There were no written communications.

Public Hearing
Mayor Patino opened the Public Hearing at 6:59 p.m.

Judith Monte spoke in support of the project noting the history of the site, and the high quality projects of Bethel Engineering over the years.

Penny Lowden spoke in opposition to the project saying she had purchased her home from Ms. Bethel, and had been told the property adjacent would remain commercial. She said she felt the area needed more commercial options rather than housing, and she expressed concern over the high density area on Blosser and traffic on Carmen Lane.

Councilmember Cordero asked if there had been a traffic study done for the area.

Senior Planner Zayer responded that a traffic study had been done, and no concerns had been found.

Having no other requests to speak, Mayor Patino closed the Public Hearing at 7:10 p.m.

Council Discussion
There was no Council discussion.

***Action:*** Adopt a Resolution approving a General Plan Land Use Policy Map amendment for the Serramonte Townhomes project (GPZ2018-0003) at the southwest corner of Blosser Road and Carmen Lane.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution No. 2019-57. 5-0.***

***Action:*** Introduce an Ordinance for first reading, and continue to the next meeting for second reading and adoption, amending the official Zoning Map for the Serramonte Townhomes Project (GPZ2018-0003) at the southwest corner of Blosser Road and Carmen Lane.
***Moved by Councilmember Cordero, seconded by Councilmember Moats.***
***Motion carried. Introduced as Ordinance No. 2019-03. 5-0.***

B. **APPEAL OF THE PLANNING COMMISSION'S APPROVAL OF COX BUNGALOWS AT 1141 WEST COX LANE.** The City Council considered an appeal of the Planning Commission's approval of a Permit Amendment (A2019-0009) to Planned Development Permit (PD2018-0009) for the Housing Authority of the County of Santa Barbara to construct 29 affordable housing units, one on-site manager's unit, a community center, and other common amenities on a 1.3 acre site in a PD/R-3 (Planned Development/High Density Residential) district.

On October 17, 2018, the Planning Commission approved Planned Development Permit PD2019-0009 for West Cox, LLC to construct a senior housing development located at 1141 West Cox Lane. On February 19, 2019, the Housing Authority of the County of Santa Barbara (HACSB) informed staff that they had purchased the Cox Bungalows site, and would like to revise the project description from market-rate senior housing to restricted affordable special needs housing. At its April 3, 2019, Planning Commission meeting, the Commission voted 3-2 (Noes: Commissioners Lopez and Hernandez) to approve an amendment to the permit to allow the construction of 29 affordable, special needs housing units.

Senior Planner Zayer gave a presentation as detailed in the agenda report. The City Council previously approved this project in November 2018. The site was rezoned from single-family residential to high-density residential. Since its first approval, the Housing Authority of Santa Barbara County applied for an amendment to the project to change it from a senior housing project to an affordable, special needs housing project. This was approved by the Planning Commission on April 3, 2019. On April 8, 2019, an appeal was filed by the Law Office of David M. Bixby. The site is located at 1141 Cox Lane, surrounded primarily by single-family residential to the north, east, and south. To the west are agricultural fields. The site currently has an existing single-family residence on it. A 29-unit housing development was approved for the site to include one caretaker's unit, all one story buildings with one bedroom units about 550 square feet in space with a community center/garden space and parking lot with 14 spaces. Access to the site is solely off West Cox Lane. The main concern with the appellant is the parking. The project provides 14 uncovered spaces for parking. The State requires nine parking spaces for special-needs housing assuming that alternate modes of transportation would be required for the population, such as transit services and various service providers. Only nine residents would be allowed to have vehicles. Once those nine spots were filled, no more residents would be allowed to have a vehicle.

Special needs housing means any housing, including supportive housing, intended to benefit, in whole or in part, persons identified as having special needs relating to any of the following: (A) mental health; (B) physical disabilities; (C) developmental disabilities, including, but not limited to, intellectual disability, cerebral palsy, epilepsy, and autism; or (D) the risk of homelessness. In addition, special needs housing could also mean housing intended to meet the housing needs of persons eligible for mental health services funded in whole or in part by the Mental Health Services Fund.

Councilmembers Cordero, Soto, and Moats reported that they had ex parte communications with Mr. Halsell, the owner of the property.

Councilmember Soto asked how other Housing Authority projects were doing with parking restrictions such as those proposed this evening.

John Polansky, Director of Housing Development with the Santa Barbara County Housing Authority for 23 years, spoke about Ted Zenich Gardens, Rancho Hermosa, and Pescadero Lofts, all special needs housing and demonstrated the minimal needs for parking at each location. He explained that most people who live in affordable housing cannot afford a vehicle. This was even more true of those with special needs. The projects he mentioned have quite a bit of unused parking spaces. If one property becomes limited in special needs parking, the Housing Authority does have other properties in the City that they could offer to that person. The leases would be month to month and are the enforcer of rules for each development.

Councilmember Moats asked if there was a long waiting list of people for the facility, and if someone with no money could move in. He also asked about the fact that the property was walled in with walls on all four sides. He asked if there would still be a wall there with a special needs community.

Mr. Polansky responded that there is a waiting list - over 1,200 in the City of Santa Maria. Someone with no money would qualify for Section 8 housing, and some of the units were being set aside as Section 8 housing which would mean they would pay 30 percent of their income. He went on to say that there had been discussions about having some type of fencing as opposed to a wall on the Cox Street side so the property site could be defined, but not walled off. A decision was made to eliminate the wall on Cox so as to integrate the senior project into the community.

Appellant Comments

David Bixby, representing the Zarate and Hernandez families, stated that the three properties Mr. Polansky referred to are located in commercial areas, not in a single-family neighborhood like Cox Street which is already impacted with street parking. The project is classified as very low income housing, and the goal is for people in that status to become upwardly mobile and succeed. He questioned what would happen if residents living in Cox Bungalows became self-sufficient and were able to purchase cars. He said he had been under the impression that local transit had very different hours from what was indicated this evening. He also said the bus stop on Western Avenue seemed like it would be difficult to get to as an individual would have to cross Donovan to get there.

Written communications

One written communication was received from Jim Talbott, Executive Director of SMOOTH, supporting the Cox Bungalow project noting ample space for bus and van access and minimal traffic for drivers entering and exiting the property. He also provided a SMAT brochure highlighting available transportation options for special needs services.

Public Hearing

Mayor Patino opened the Public Hearing at 7:47 p.m.

Glenn Morris, representing the Chamber of Commerce, spoke in support of the project saying the City needs more housing for all types of residents.

Eddie Taylor, representing the United Way, spoke in support of the project, particularly as it would be an opportunity to help house homeless Veterans. He encouraged continued building in the City.

Marilyn Garcia expressed concern regarding parking on Cox Street, and said there were currently people going in and out of the site as it was not locked or supervised. She invited the City Council to drive by and see the area.

Jeanne Sparks, representing Santa Barbara County Action Network, spoke in support of the project as affordable housing was so necessary in the City, particularly for special needs.

Jennifer McMurrain, representing the LEAD Project, spoke in support of Cox Bungalows and turning them into special needs housing. She explained how far she has come in school despite having a mental illness, and she attributed much of her success to having a place to live.

Krista Murchison, a local realtor, spoke in support of the senior project, and asked that it not be converted to special needs housing.

Joe Halsell, representing Halsell Builders, stated that the project would definitely serve veterans or seniors who were facing homelessness. Various transportation resources would alleviate the need for many parking spaces.

Councilmember Moats asked whether companion pets would be allowed, and if scooters and motorcycles counted as vehicles. He also commented on how easy he finds it to bicycle around Santa Maria.

Mr. Halsell responded that Halsell Builders was currently partnering with United Way to house a number of homeless individuals, and companion pets would be allowed as it was planned to make the flooring companion-pet friendly. He said that motorcycles and scooters were not part of the parking lot plans, but he agreed that bicycling would be an option, and the City was taking steps to encourage more bicycling.

David Bixby commented that senior housing starts at age 55 and, by that age, most people know their situation. The older they get, the less likely they would be driving. He added that the fact that the property was now being considered for special needs residents was news to him. Last he had heard, the project was going to be for low income residents. He restated that his clients were really concerned about that, and the fact that such limited parking was being considered in the northwest end of town. He questioned why plans had changed to include such a wide variety of residents, and reiterated that Cox Lane was already very congested.

Having no other requests to speak, Mayor Patino closed the Public Hearing at 8:11 p.m.

Council Discussion

Councilmember Waterfield commented that she would like to keep the project as a senior project as seniors are special needs people and are facing increasing rents each year. She said she supported the appeal.

Mayor Patino commented that she agreed with Councilmember Waterfield and supported the appeal. Out of respect for the residents currently living in the area, she wanted to keep the project senior housing as that was what was initially approved by the Planning Commission and City Council.

Councilmember Soto commented that she was in agreement with Councilmember Waterfield and Mayor Patino about the need for senior housing. However, the original plan was approved as market-rate housing for seniors, not low income. She said she believed the current proposal was a great opportunity for the City to move forward helping decrease homelessness, and offer support to the most vulnerable residents. She cited the written communication from SMOOTH saying they would willing to drive into the complex, and provide transportation at the community center. Thus, she supported moving forward with the project as presented, and denying the appeal.

Councilmember Moats agreed with Councilmember Soto, and said he opposed the appeal as special needs housing was much needed in the City.

Councilmember Cordero stated that he was going to be 70 next month and was still driving. He foresaw more parking problems should the project remain senior housing. He said he liked the idea of the project being special needs (which would also include seniors), and he opposed the appeal.

***Action:*** Adopt a Resolution denying an appeal by the Law Office of David M. Bixby, and upholding the Planning Commission's decision to approve the Cox Bungalow project.
***Moved by Councilmember Soto, seconded by Councilmember Cordero.***
***Motion carried. Appeal denied. Adopted as Resolution No. 2019-58. 3-2. Noes: Mayor Patino and Councilmember Waterfield.***

## 6 REGULAR BUSINESS

Mayor Patino called for a short recess at 8:20 p.m. and called the meeting back to order at 8:28 p.m.

A. **CONCEPTUAL REVIEW OF A PROPOSED SPECIFIC PLAN AMENDMENT, GENERAL PLAN AMENDMENT, AND ZONE CHANGE LOCATED AT 1955 'A' STREET.** The City Council considered a conceptual review of a proposed Specific Plan Amendment, General Plan Amendment, and Zone Change located at 1955 'A' Street.

Community Development Director Ng gave the presentation as detailed in the agenda report. Developer Dan Blough is requesting authorization to process a Specific Plan amendment, General Plan Amendment and Zone Change for property located at 1955 'A' Street within Area 9 Specific Plan. Area 9 was designated to be a major employment center for industrial and office uses. Currently, Windset Farms occupies 38 percent of the area. The project site was adjacent to Windset Farms to the east. The request was to change from light industrial/commercial

professional office to an increased portion of light industrial with a portion being R-3 high density residential. Staff did present this to various departments, and there was some concern about the consequences of making the property residential. The Fire Department expressed concern that the project may trigger a need for a new fire station (there was room on the property to build one, if necessary.) Additional park space may also be needed. Thus, the proposal to change the land use designation would require additional review of impacts and considerations of mitigations for those impacts.

Developer Dan Blough pointed out that more than half the property was zoned commercial, and 550 units were currently planned to be residential on top of the office buildings. His proposal would take the number of units down to 440 at a maximum. He said he was not sure a park would be needed, particularly if he did not completely build out the residential portion. He closed saying he would be back with all of the specifics going forward, and was just seeking approval in advance to make the zone change as the project site was 135 acres and would have many parts to it with multiple permits.

Councilmember Waterfield asked if Mr. Blough would donate land for a new fire station.

Mr. Blough responded that, should a fire station be necessary, he would offer a portion of the land to the City at a reduced price.

Councilmember Soto asked how Mr. Blough calculated the amount of land needed for residential with no plans yet and how many low income projects he had completed in the City.

Mr. Blough said he did not want to put up new industrial land next to the existing residential subdivision. He added he was open to changing the size of the residential area should the Council wish to. He also said he had not constructed residential projects in some time. Most of his work the last 15-20 years had been commercial.

Councilmember Moats commented that if the residential area were for senior housing, it would minimize the impact on the school system.

Councilmember Cordero reported that he had ex parte communications with Mr. Blough. He also expressed some concern that Area 9 had a lot of capped oil wells in it.

Mr. Blough responded that all of the caps were being checked over, and confirmed they would be completely closed off and not a hazard. All the wells would be identified on the final map, and there would be a 10 foot no-build radius around every capped well.

Public comment
Luke Ontiveros, Superintendent of Santa Maria-Bonita School District, said he was appreciative of Mr. Blough's consideration of the impact the project might have on schools in the area.

Council discussion
After some discussion about the need for more housing in an ever-growing City, the need to be mindful of the General Plan while developing the site, the future job creation the project would offer, and the possible issues the capped oil wells might create, there was general consensus of the City Council that there were no major objections to the possible zone change.

***Action:*** None taken. Direction was provided to staff.

B. **APPROVAL TO JOIN MONTEREY BAY COMMUNITY JOINT POWERS AUTHORITY**. The City Council considered authorizing the implementation of a Community Choice Aggregation Program and requesting membership in the Monterey Bay Community Power Joint Powers Authority.

Assistant City Manager Wiemiller gave a presentation as detailed in the agenda report. He announced that the item was an opportunity for residents in the City to save money by joining the Monterey Bay Community Joint Powers Authority.

J.R. Killigrew, Director of Communications & Energy Programs with Monterey Bay Community Power (MBCP), spoke about how the name may be misleading as MBCP was currently engaging all of San Luis Obispo County and Guadalupe under the same umbrella. He said MBCP would be open to entering into a name more indicative of the Central Coast. California actually imports 30 percent of its electric needs from neighboring states. Community Choice Aggregators (CCA) are governmental entities formed by cities and counties to serve the energy requirements of their local residents and businesses. It is a partnership where a CCA sources electricity from carbon-free and

renewable suppliers, and PG&E transmits the electricity out to customers giving them the same service they have had at lower prices.

The benefit of CCA is that it allows customers more choice in electricity supply instead of only having PG&E, it would give the community a voice at the table in terms of how PG&E decides to do business, it would allow for more cost savings as it created some competition, and it would allow for community-based programs enhancing the local community. MBCP is a joint powers authority of 16 cities from Santa Cruz County to San Luis Obispo. It has a Policy Board, Operations Board, and Community Advisory Council. Cities over 50,000 in population have a solitary seat on the Board. Those under 50,000 share a seat on the Board based on geography (Morro Bay and San Luis Obispo, for example).

MBCP (operating for about 15 months) recently signed three new contracts for renewable energy (two solar-based projects in Kern and Kings County, and one wind-based project in New Mexico). Utility districts in California tend to be about 20 percent less expensive than PG&E. MBCP could be as competitive, while still collaborating with PG&E. They bring in about $220 million from rate-payers, and 75 percent of that goes to the cost of energy, 5 percent to administrative costs, and 20 percent was net revenue which gets allocated to local energy programs/customer savings/cash reserves. MBCP was working to ensure fiscal stability with a goal of $100 million in cash reserves (currently, they have $60 million) by the end of the year.

Should the item pass this evening, per State law, all eligible PG&E customers would become MBCP customers unless they chose to opt-out of the program. Rates do not change, but customers receive a 3.7 percent rebate with residential customers getting the rebate as a bill credit at the end of the year, small to medium businesses receive bi-annual rebates, and large commercial/agricultural customers receive quarterly rebates. Bills would look the same, but the money PG&E charges for electricity generation is credited to the customer through MBCP. Discount programs would remain the same. PG&E employees would still receive their discounts, and low income customers would not need to reapply for service. Solar customers would be paid more for energy in excess of use or charged less for energy consumed.

Current programs MBCP is involved with include an electric vehicle program, and a Smart Connect Microgrid Program which can render a business completely self-sufficient from the grid. Outreach efforts include a bi-weekly farmworker lunch to educate communities on the benefits of joining MBCP. The estimated timeline to join MBCP can take up to 18 months.

Councilmember Waterfield asked how PG&E felt about the project, and why there would be a need for a third party to be involved in the process.

Mr. Killigrew responded that when the program started, PG&E was against it. However, it was predicted that 85 percent of the entire State of California would be served by PG&E and a CCA by 2025, so the program has taken off very quickly with the whole point being cost savings to customers. PG&E would continue to put their net profits into packaging and delivery.

Councilmember Moats asked how a start-up company could take on PG&E and lower prices.

Mr. Killigrew explained that it was a timing thing with the availability of renewable energy increasing (solar being less expensive than gas). PG&E was not building new projects because their load was distributed to a network of Community Choice Programs. It was an opportunistic time to be able to leverage low-cost programs, and save customers money.

Assistant City Manager Wiemiller pointed out that PG&E was for-profit and had to pay taxes on shareholder units. MBCP was a non-profit entity, and does not have to pay those taxes. In addition, participating cities would have more energy efficient projects that would save money.

Mr. Killigrew added that utility companies do not own and operate their own projects anymore, but are moving into power purchase agreements. They are entering into 15-20 year contracts at a fixed price and that is how they rate-base back to the customer.

Councilmember Moats asked how the possible bankruptcy of PG&E affects MBCP and/or the transmission of the power. He also asked why someone from PG&E was not present to represent them this evening as MBCP and PG&E compete for the public's business.

Mr. Killigrew responded that the bankruptcy judge who was presiding over the case considers the public purpose funds (for energy efficiency rebates and community choice energy revenue) with no liability to the creditors as it relates to the PG&E bankruptcy and that was strictly about wildfire

liabilities. So, MBCP was sheltered from that bankruptcy. He also said that PG&E usually declines to have representatives attend City Council meetings with regard to competing with MBCP.

Councilmember Waterfield mentioned that the two companies would be banned from appearing together based on the 2013 Bill which prohibits competing organizations from lobbying in the same place at the same time.

Councilmember Cordero asked how the process of opting-out would work saying it sounded like a great deal, but he was still hesitant to commit.

Mr. Killigrew responded that opting-out would have to do with timing. If the City joined this year, then decided to opt-out a year later, the City Council could move forward with a resolution dissolving membership with MBCP. MBCP would then have to go back and amend the implementation plan, and would ask the City to pay for those costs. Another scenario might be if customers were enrolled in 2020-21, then in June of 2021 the City chose to leave the group, there would be a bank of money (from customer savings) that the City would be liable for. Alternatively, if MBCP bought the power very inexpensively, but then prices went up, they would do well financially and would only ask that the City pay to cover the initial implementation plan. The last option would be to just opt-out. The City would still maintain a seat in the group, but would pull all of its customers out and not have any liability. Currently, MBCP has 175 cities and counties as part of the 19 agencies and not one of them has ever hinted at leaving. The County of Monterey was a 3-2 vote to participate, and now they are a big proponent of the program.

Councilmember Cordero asked about the single-family dwelling with solar on their house, and what would happen to that customer with rebates. He also asked about the reinvestment program that reinvests in the community saying that one of the things MBCP had done was to provide rooftop solar at some of the participating facilities.

Mr. Killigrew responded that single-family homes would have an annual payment based on the amount of kilowatt hours produced, and the amount of kilowatt hours consumed along with a monthly maintenance fee to PG&E. If a customer owes money, they will get the three percent rebate off that debt. If the customer produces more than they consume, they would be paid out by MBCP in a greater amount that would have been paid out by PG&E. Effectively, everything else would stay the same. With regard to reinvesting in the community, every year MBCP works with a variety of different stakeholders in tourism/hospitality, healthcare, and the public sector, as well as the agricultural sector to determine what the community needs and how to address those needs and reinvest in the community. One project that came out of those discussions was "Project Sunshine" which put rooftop solar on income-qualified customer homes/buildings.

Councilmember Moats asked why anyone would stay with PG&E given how good MBCP's business model was and if PG&E was going to be reduced to just transmission of power in the future.

Mr. Killigrew stated that was the conversation being discussed right now at California Public Utilities Commission meetings. MBCP would be a good opportunity for the City to be a part of energy decisions, and have a voice whereas they do not have a voice at all now.

Councilmember Soto asked if PG&E would be able to come into a future meeting, and speak to the City Council regarding its energy program.

Mr. Killigrew responded that they could.

Written correspondence

Chief Deputy City Clerk White indicated that two written communications were received: one from the Director of Community Services with the County of Santa Barbara indicating that the County was working on the feasibility of launching a locally run Community Choice Energy program that could include Santa Maria and asking that the City Council not take action on the item this evening; and one from the Executive Director of CEC in support of joining MBCP (or the County of Santa Barbara should they decide to launch their program).

Public Input

Abraham Melendrez spoke in favor of joining MBCP, and cited examples of the success other cities have had doing so.

Jeanne Sparks, representing SBCAN, spoke in favor of joining MBCP, and expressed interest in hearing more about what the County decides to do. She also suggested that the City implement a micro-grid so as to be independent should the need arise.

David Dennis spoke in support of joining MBCP, and the rate payer savings, clean energy, and the idea of a degree of local control that would come from it. He also expressed concern about rate increases as time goes on if the City chooses to stay with PG&E.

Elizabeth Schneider spoke in support of joining MBCP saying it was a win-win situation.

Roy Reed spoke in opposition to joining MBCP, and encouraged better transparency from MBCP suggesting everyone have an opportunity to try out the program before making a decision to be forced to enroll. He also said he did not see the need to jump into a Community Choice Energy program and MBCP without more information.

Andy Caldwell, representing COLAB, spoke in opposition to the MBCP saying that renewables only produce 10-20 hours a day of energy. A utility energy company was needed to run energy needs the rest of the day. Currently, there was a vertically integrated system, and it was working. He also stated he believed MBCP would eventually collapse because there was no such thing as a free watt or risk-free grid. And he reiterated what Mr. Killigrew had stated - that all energy is dumped into a pool, but just because a person plugs something into the wall does not make it green. It all depends on where the power was actually coming from, and there were still a lot of fossil fuels being burned.

Mr. Killigrew commented that MBCP was open about what their power mix is: 33 percent comes from renewable sources, the remaining 67 percent comes from large hydro-electric sources. He said that the current vertically integrated system may have worked, but electricity prices have skyrocketed over the last 10 years. MBCP was part of 11 states in the region that all have to balance electricity

Council discussion

Assistant City Manager Wiemiller commented that legislation, and the market were pointing toward combining forces with MBCP. It was also the opportunity for the City itself and City residents to have a more affordable utility option. He reminded everyone of the benefit to businesses, particularly those with higher energy bills.

Councilmember Cordero asked if there was a time-sensitive issue involved.

Mr. Killigrew responded that MBCP hoped cities would have their second reading of the ordinance done by the middle of August so they could know who was on board. The information would be submitted to the Policy Board which would then approve the membership applications from each city and county that was interested in participating.

Mayor Patino commented that it seemed like outreach should have been done before bringing the item before the City Council to make a decision.

Councilmember Soto commented that the City Council had just approved a solar array in the City, and said she saw MBCP as an additional opportunity to save money for the City and save residents money. She said she did not want to completely rule out the opportunity.

Councilmember Moats stated that since the second reading of the Ordinance would not be due until August, there was still time to consider all sides of the project and he was in favor of deferring the item.

Councilmember Waterfield agreed, particularly as the City Council did not know how residents felt about it and the information was so new. She suggested educational workshops to let residents know about the proposal to join MBCP and possibly putting it on the next ballot.

Councilmember Cordero suggested waiting to hear from the County of Santa Barbara.

Mayor Patino asked Assistant City Manager Wiemiller to ask PG&E if they would like to send a representative to make a presentation. She also asked if he would look into the letter from the County and let the Council know what they decide.

City Manager Stilwell commented that staff had been working with the County and that they are at the point of doing a feasibility study draft. The reason staff was bringing this item forward was because it is already an actual working operation that works well for cities that are similarly situated as Santa Maria. However, staff will circle back with the County.

Councilmember Moats asked if cities tended to accept joining MBCP on the first presentation (when first hearing about it.)

Mr. Killigrew responded that the response varies. Some are skeptical, some join right away. He added that MBCP is supportive of whichever direction the Council decides to go that meets the City's needs. He also said that the project had been vetted by many governments across the State of California and Santa Maria would be part of a movement that was taking place across the State.

***Action:*** There was a consensus of the City Council to defer this item to further study the matter.

C. **THIRD QUARTER FINANCIAL REPORT ENDING MARCH 31, 2019.** The City Council considered the Quarterly Financial Report for the third quarter ending March 31, 2019, and Budget Amendments to approve personnel and operational changes to the 2018-19 Budget.

Director of Finance Harvey gave a presentation as detailed in the agenda report and presented the quarterly financial report for the third quarter ended March 31, 2019, primarily reviewing the General Fund and Enterprise Funds. The beginning, unaudited fund balance of nearly $10.7 million was balance on July 1, 2018. Concerning City revenues, through the third quarter of the year, sales tax receipts were 5.9 percent greater than the third quarter last fiscal year. The majority of this variance was attributed to new businesses at Enos Ranch that have enhanced sales in consumer goods and restaurants.

NHIS revenues are at about $1.1 million ($1,068,000) which was a decrease of 17.8 percent as compared to $1.3 million ($1,299,000) in receipts received through the third quarter of last year. Most of the NHIS material was received during the first six months of 2018-19, and came from Chevron's San Luis Obispo Tank Farm project. NHIS activity in the third quarter was limited to small amounts of material received in January from Vandenberg Air Force Base projects. However, Chevron's San Luis Obispo Tank Farm Project started hauling material again in April, and was expected to continue through mid-June. Based on expected project activity, staff anticipates NHIS revenues to reach about $1.3 million by the end of June.

Hotel/Bed Tax receipts through March were down about $83,000 compared to last year, and were falling short of estimates by about $491,000 or 13.7 percent. The decrease was due to a combination of higher occupancy levels occurring last year to accommodate first responders and evacuees affected by natural disasters, and an increase in hotels in neighboring communities (Lompoc & Pismo).

Permit revenue was at approximately $1.7 million or 67.7 percent of budget, and $300,000 less than received during the same period last year. Permits issued in the previous year for Enos Ranch development was the main reason for the decrease in revenues.

General Fund expenditures were at $52 million or 67.9 percent of budget. Overall, departments were under budget by $5.2 million with vacancies and incomplete contracts accounting for roughly $2.3 million of those budget savings, and duplicate positions accounting for about $2.7 million. After adjusting budgets for the duplicate of positions, departments were on track to realize about $2.5 million in salary savings to help address the budget deficit. However, expenditures were still expected to exceed revenue estimates by about $2.4 million.

Turning to Measure U, the report reflected the original Measure U quarter-cent sales tax. Revenues through the third quarter were ahead of budget at 75.9 percent or $3.8 million. Expenditures were at 56.9 percent of budget or $3.6 million. The Fire Department was under budget due to pending orders for a fire truck ($323,000) and station alerting system ($800,000), totaling $1.1 million. Police budgets were overstated by about $513,000 as a result of three duplicate positions included in the budget. Taking these two factors into account, overall Measure U expenditures were slightly over budget at 76.3 percent.

Through the first nine months of the fiscal year, overall Measure U revenues exceeded expenditures by $125,000, increasing the fund balance to about $441,000. Through March, 89 percent of all Measure U expenditures were spent on public safety activities, with 37 percent expended on fire operations and 52 percent expended on police operations. Staff will present estimates for the new Measure U one-cent sales tax next month with the 2019-20 Mid-Cycle Budget.

As for the enterprise funds, the Water and Wastewater Fund revenues exceeded expenditures by $1.8 million. Expenditures included the semi-annual debt service payments of $4.6 million on the 2012 refunding bonds.

Regarding the Solid Waste Fund, revenues exceeded expenditures by nearly $1.3 million. Operating costs were about three percent or $500,000 greater than the prior year.

The Transit Fund revenues outpaced expenditures by about $24,000. Fare revenues through March were just over $614,000 and the fare box ratio was 30.9 percent.

In conjunction with the Third Quarter Financial Report, staff recommended two budget amendments (to remove duplicate positions from the General Fund and Measure U budgets) for the City Council's consideration.

Councilmember Soto asked when the new budget would be presented, and how much it cost to fluoridate the water and if the City could add that cost to the next budget.

Finance Director Harvey responded that it would be brought forward at the June 18th Council meeting. The cost for fluoridation would be about $55,000. It could be added into the budget, or it could be considered as a separate item.

Councilmember Moats asked if rent control stabilization for mobile home owners was going to be on a future agenda.

City Manager Stilwell responded that staff had been meeting regularly with mobile home park owners, and all had agreed to work toward an enforceable rent control agreement Model 2020 that would be in effect for the next decade.

***Action:*** Receive and file the third quarter financial report, and adopt a Resolution approving amendments to the 2018-19 budget.
***Moved by Councilmember Waterfield, seconded by Councilmember Moats.***
***Motion carried. Adopted as Resolution No. 2019-60. 5-0.***

**REPORT BY CITY MANAGER**

City Manager Stilwell reminded everyone that June 1st was the Rodeo Parade. He also announced that the next regular City Council meeting would be June 4, 2019. Items on the agenda would include an ordinance regarding H-2A housing.

**ORAL REPORTS OF COUNCILMEMBERS AND OFFICERS (INCLUDING AB1234 REPORTS)**

Councilmember Soto reported she attended the 2019 Business and Education Partnership Luncheon; the annual CADA Town Hall meeting; an ATP Community Meeting; and the Annual Police Memorial Ceremony.

Councilmember Waterfield reported she attended the Mission Hope Luncheon Fundraiser; an Hourglass Regional Economic meeting; a meeting with the Executive Director of Partners in Caring; the Annual Police Memorial Ceremony; the Central Coast Airfest Kickoff; and the golf tournament fundraiser for the Firefighters.

Councilmember Moats reported he attended the Noontime Rotary fundraiser and the Humane Society Dinner fundraiser.

Councilmember Cordero reported he attended the 2019 Business and Education Partnership Luncheon; the Chamber press release; the Hourglass briefing; a Gang Prevention Conference; the Annual Police Memorial Ceremony; a United Way meeting; the Central Coast Airfest Kickoff; and the golf tournament fundraiser for the Firefighters; and a meeting with Joe Halsell.

Mayor Patino reported she attended the North County Subregional Meeting; 2019 Business and Education Partnership Luncheon; the Chamber press release; annual CADA Town Hall meeting; the Hourglass briefing; a Treatment Court Graduation Ceremony; a Gang Prevention Conference; the Annual Police Memorial Ceremony; an SBCAG Board meeting; an APCD Board meeting; a Fighting Back Santa Maria Board meeting; the Central Coast Airfest Kickoff; a meeting with the Teen Advisory Committees of Santa Maria High and Pioneer Valley High Schools; a meeting with the Hancock College President; participated in a Healthcare regional roundtable at Marian Regional Medical Center; and attended the Scholarship Foundation Awards Ceremony.

**ADJOURNMENT**

There being no further business before the City Council, Mayor Patino declared the City Council meeting adjourned at 10:53 p.m.

Approved at a regular meeting on June 4, 2019.

Rhonda M. White, CMC
Chief Deputy City Clerk and ex officio Clerk
of the City Council

ATTEST:

Rhonda M. White, CMC
Chief Deputy City Clerk

Alice M. Patino
Mayor of the City of Santa Maria